

Judge has clear choice in Headwaters settlement

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Gov. Arnold Schwarzenegger has weighed in on the Pacific Lumber Co. reorganization decision that could be made very soon by a Texas bankruptcy judge.

For the second time in nearly as many months, the governor sent a letter to the judge in Corpus Christi articulating principles we believe will best protect California's interest in the 1996 Headwaters Forest Agreement and the 1999 habitat conservation plan.

In his letter, the governor endorsed the Marathon/Mendocino Redwood Co. plan as the best way to ensure that these principles are met and that the agreement is preserved in the bankruptcy proceedings.

Time and again, we have demonstrated an unwavering commitment to protecting our state's natural resources. As California's secretary for resources, I have no greater obligation than to make certain that our lands and waters are protected.

As the governor said in his letter, "For the people of California and as a matter of public trust, we have a significant commitment to safeguard the nearly \$500 million investment that California and the federal government made in connection with the historic 1996 Headwaters Forest Agreement."

A successful outcome of the Pacific Lumber Co. bankruptcy will turn on the sound management practices for the future of these lands. We believe the Mendocino Redwood plan does just that and is better suited for this purpose than either of the two other plans being considered by the court.

On Jan. 29, Schwarzenegger asked the court to consider a set of principles in selecting a plan:

- Ensuring that timberlands will be managed in accordance with the Headwaters Forest Agreement and the habitat conservation plan, in keeping with all state and federal regulations.

- Maintaining a level of commercial harvest that will ensure sustainable, high-quality timber production over the long term while preserving and enhancing watershed and wildlife protection.
- Minimizing adverse impacts to the local economy and preserve as many local employment opportunities as possible.
- Maximizing the greenhouse gas reduction benefits that could be generated in timberland management.

Following the governor's articulation of these principles, plan holders were given the opportunity to make presentations before a group of federal, state and local parties at the California Resources Agency so we could fully understand and fairly evaluate each plan using the governor's principles as a guide. Each of the plan holders presented their plans, each of which addressed our concerns in keeping with the principles, but in the end when all plans were analyzed and compared, one stood above the rest in adhering to these principles: the Marathon/ MRC Plan.

The Mendocino Redwood plan, as the governor said in his letter, "offers the best opportunity by far to advance and protect both the economic and environmental value of these assets over the long term," our paramount interest in these proceedings from the beginning.

The company is committed to sustainable forestry practices that will actually harvest fewer trees, while growing more, than either of the other organizations.

The plan provides old growth protection for the property, meaning old growth trees cannot be cut except for safety reasons. This is a higher level of protection than provided in the habitat conservation plan. The plan will also protect more jobs – Marathon is the only bidder that has said it will affirmatively invest \$7.5 million into a sawmill in the town of Scotia. The Mendocino Redwood Co. provides a real business plan to keep the mill open, employee pensions funded and most current employees working.

Moreover, the company is based in California and is an important part of the local community. It's clear their efforts will enhance the Headwaters Forest Agreement we worked so hard to reach in 1996.

We have every hope that U.S. Bankruptcy Judge Richard Schmidt will recognize the importance of California's interests and give strong consideration to the governor's opinion in working to approve a solution that secures the public trust.

Mike Chrisman is the secretary for the California Resources Agency.